

Message Text

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C O N F I D E N T I A L LISBON 5917

E.O. 11652: GDS

TAGS: OTRA PINT ELAB PO

SUBJECT: REUTHER AND STEPHANSKY MEET SOARES

REF: STATE 198337

SUMMARY: MEETING WITH PRIME MINISTER SOARES, FORMER
AMBASSADOR STEPHANSKY AND VICTOR REUTHER EXTENDED AN
INVITATION FOR SOARES TO VISIT NEW YORK IN NOVEMBER
TO ACCEPT THE HUMAN RIGHTS AWARD OF THE INTERNATIONAL
LEAGUE FOR HUMAN RIGHTS. THE PRIME MINISTER ACCEPTED.
SOARES ALSO EXPRESSED SATISFACTION AT CURRENT STATE OF
U.S. - PORTUGUESE RELATIONS. END SUMMARY.

1. MEETING WITH PM MARIO SOARES, WHICH STEPHANSKY
ARRANGED DIRECTLY WITH SOCIALIST PARTY, OCCURRED
AUGUST 27. LABATT INTERPRETED. DISCUSSION DIVIDED INTO THREE
MAIN TOPICS:

-- POLITICAL/ECONOMIC SITUATION;
-- SOARES TO ACCEPT HUMAN RIGHTS AWARD;
-- U.S. - PORTUGUESE RELATIONS.

2. POLITICAL/ECONOMIC SITUATION: IN RESPONSE TO REUTHER'S QUERY,
THE PRIME MINISTER SAID THE GOVERNMENT HAS NO SERIOUS PROBLEMS
OF A POLITICAL-MILITARY NATURE. IN ORDER FOR THE
GOVERNMENT TO BE VOTED OUT OF OFFICE IT FIRST
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WOULD BE NECESSARY FOR THE COMMUNISTS TO AGREE

UPON AN ALTERNATIVE PROGRAM OF GOVERNMENT WITH THE "RIGHTIST PARTIES - THE CDS AND PPD." SHOULD THE SOCIALIST PARTY SUFFER A MAJOR DEFEAT IN THE MUNICIPAL ELECTIONS SCHEDULED TO BE HELD LATE 1976, SOARES WOULD FEEL OBLIGED TO ASK THE CONGRESS FOR A VOTE OF CONFIDENCE. OTHERWISE, DUE TO THE INCOMPATIBILITY OF THE OTHER POLITICAL PARTIES, HE WOULD EXPECT TO GOVERN DURING THE NEXT FOUR YEARS.

-- MILITARILY, PRESIDENT EANES ALSO HOLDS THE POSITION OF CHIEF OF STAFF OF THE ARMED FORCES. HE HAS THE RESPECT OF THE MILITARY AND SOARES THUS DOES NOT ANTICIPATE PROBLEMS IN THIS AREA.

-- IN CONTRAST, SOARES STATED PORTUGAL'S PROBLEMS ARE CONCENTRATED IN THE ECONOMIC AND SOCIAL AREAS. PRODUCTIVITY IS DOWN, LABOR DISCIPLINE WAS DESTROYED BY "TWO YEARS" OF DEMAGOGY AND ABSENTEEISM OF UP TO 30 PERCENT IN NATIONALIZED ENTERPRISES. HIS GOVERNMENT WILL CHANGE A NUMBER OF LABOR LAWS AND CONFRONT THESE PROBLEMS WITH COURAGE. HE IS CONCERNED, HOWEVER, THAT THESE ECONOMIC/SOCIAL PROBLEMS WILL EVOLVE INTO POLITICAL PROBLEMS.

-- IN REGARD TO THE IMPORTANT LABOR UNION AREA, SOARES RECOUNTED HOW THE COMMUNIST PARTY (PCP) TOOK CONTROL OF INTERSINDICAL AND IMPOSED A UNIFIED LABOR MOVEMENT BY LAW. HE SAID THE SOCIALISTS HAD MADE PROGRESS AND HAD EVEN BEATEN THE COMMUNISTS ON THEIR OWN GROUND BY DEMONSTRATING TO THE WORKERS THAT THE PCP REPRESENTS ANTI-DEMOCRATIC FORCES. SOARES SAID THAT THE SOCIALIST PARTY HAD TAKEN THE INITIATIVE IN CALLING FOR A NATIONAL LABOR CONGRESS TO CREATE A NEW UNIFIED LABOR MOVEMENT LED BY DEMOCRATICALLY ELECTED LEADERS, AND INDEPENDENT BOTH OF THE POLITICAL PARTIES AND THE GOVERNMENT. SOARES COMMENTED THAT OBVIOUSLY THE PCP DOES NOT WANT SUCH A DEMOCRATICALLY-LED CONFEDERATION. RATHER, IT IS ATTEMPTING TO PUSH THE SOCIALIST PARTY INTO FORMING A NEW, SEPARATE, LABOR CONFEDERATION AND THUS DIVIDING THE LABOR MOVEMENT. SOARES AND REUTHER AGREED THAT IT WOULD BE UNFORTUNATE IF THE SOCIALISTS HAD TO BEAR THE BLAME FOR DIVIDING THE LABOR MOVEMENT IN PORTUGAL.

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3. SOARES TO VISIT U.S. FOR HUMAN RIGHTS AWARD: STATING THAT HE REQUESTED THE MEETING ON BEHALF OF THE INTERNATIONAL LEAGUE FOR HUMAN RIGHTS, STEPHANSKY SAID HE WISHED TO INFORM THE PRIME MINISTER OF THE LEAGUE'S DESIRE TO GRANT SOARES ITS ANNUAL HUMAN RIGHTS AWARD, TO BE PRESENTED IN NEW YORK CITY ON OR ABOUT NOVEMBER 12, 1976. THE

PRIME MINISTER SAID HE WAS HONORED TO ACCEPT, THAT HE IS A LONG-TIME MEMBER OF THE LEAGUE, AND THAT HE WOULD BE PLEASED TO COME TO NEW YORK. AMBASSADOR STEPHANSKY SAID THAT FRANCIS GRANT, OF THE INTERNATIONAL LEAGUE FOR HUMAN RIGHTS, WOULD WRITE TO SOARES FURTHER REGARDING THIS INVITATION. STEPHANSKY NOTED THAT NOVEMBER 12 WAS SHORTLY AFTER THE U.S. ELECTIONS AND SUGGESTED THAT IT MIGHT OFFER A GOOD OPPORTUNITY FOR THE PRIME MINISTER TO EXTEND HIS TRAVEL TO WASHINGTON. SOARES SEEMED RECEPTIVE TO THE IDEA, BUT DID NOT COMMENT.

4. SOARES ON U.S. - PORTUGUESE RELATIONS: NOTING THAT HE IS SERVING ON A COMMISSION ADVISING GOVERNOR CARTER ON FOREIGN POLICY, AMBASSADOR STEPHANSKY ASKED SOARES WHAT CHANGES HE WOULD RECOMMEND IN U.S. POLICY. SOARES RESPONDED THAT U.S. -PORTUGUESE RELATIONS ARE ON A SOUND FOUNDATION AND THAT HE HOPED THE U.S. WOULD NOT ALTER ITS POLICY. HE ADDED THAT HE ALSO HOPED THE U.S. COULD EXPAND ITS ECONOMIC ASSISTANCE AND MUTUAL INTERCHANGE WHICH CURRENTLY EXISTS, NOTING THAT SOME USEFUL BILATERAL PROJECTS ARE UNDERWAY. SOARES VOLUNTEERED THAT AMBASSADOR CARLUCCI HAD DONE AN EXCELLENT JOB IN PORTUGAL.

5. COMMENT: IT IS OF INTEREST THAT SOARES SEEMINGLY ENDORSED THE IDEA OF A NATIONAL LABOR CONGRESS AND REUNITING THE COMMUNIST AND SOCIALIST UNIONS, ALBEIT WITH CERTAIN RESERVATIONS REGARDING DEMOCRATICALLY ELECTED LEADERSHIPS. SOARES IS AWARE OF THE PROBABLE DISASTROUS CONSEQUENCES OF SUCH A REUNIFICATION FOR THE SOCIALISTS AND WAS PROBABLY TREATING THE MATTER IN A SIMPLIFIED MANNER FOR HIS VISITORS. IT IS HIGHLY UNLIKELY THAT INTERSINDICAL WOULD AGREE TO ANY CONGRESS
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WHICH WOULD THREATEN THE PCP'S DOMINANCE OF THE RESULTING CONFEDERATION.
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